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19 January 1955

MEMORANDUM FOR THE RECORD

SUBJECT: The General Mark Clark Task Force

1. The morning was spent with the Technical Accounting Staff, Office of the Comptroller. ☐ made the entire briefing.

2. Both Colonel Miller and Mr. McGruder warmly endorsed the need for such a staff and seemed impressed with the procedural handbooks and accounting systems which have been formally developed and published.

3. The major area of discussion dealt with the adequacy of the staff in terms of the already established listing of jobs to be done, plus the continuing need to refine and improve our regulations and procedures.

4. ☐ when asked, indicated that he believed that he was understaffed. The Technical Accounting Staff T/O calls for eleven persons, has never been filled, and only seven are presently on duty. ☐ blamed the situation largely upon losses of personnel transferring to other internal and external Agency assignments.

5. Colonel Miller indicated that our personnel policies and practices need closer scrutiny and adjustment if situations like this arise and are not given proper attention.

6. The afternoon briefing concerned the Budget Division. ☐ gave a thorough story on the evolutionary development of our budgetary concepts. In particular, he developed the problem of converting an organizational budget into a functional performance budget. In this connection he demonstrated various budget charts designed to present CIA's budgetary needs on a performance basis. In these charts organizational structure had been disregarded and the costs of administrative and supporting offices had been allocated to the several major functions of CIA.

7. Colonel Miller was both impressed and critical. He was impressed because these charts showed him how much of CIA's dollars and efforts were actually being expended in pursuit of our major objectives. In particular, the fact that expenditures for FI activities have shown a slow gradual increase while cold war activities have shown a decrease seemed to please Colonel Miller.

8. The Colonel immediately asked for statistics reflecting CIA's budgets and expenditures on this basis for as many years back as possible. ☐ advised that this could not be done because of the numerous shifts in organizational structure and the fact that any past basis for allocating supporting costs has been irrevocably lost.

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9. This discussion raised the critical point that to develop an effective performance budget it is necessary to first analyze and categorize every form of Agency effort and then to realign the organization in order that all related allotments and expenditure accounts will present a significant picture.

10. Colonel Miller asked the specific question: "What influence do you (the Comptroller) have toward the readjustment of organizational structures to more effectively carry out CIA's functional objectives?" He pursued the point that proper organizational structure was vital to effective direction, and it must be assumed that he, at least, will be critical of CIA on this score.

11. Colonel Miller then reviewed a large number of budgetary reports and asked for copies of many of them. He then asked for a schedule of entertainment expenses by function or component. [] explained that CIA had no allotment or account control over entertainment. Colonel Miller appeared to be utterly disbelieving and aghast. [] asked me to explain Agency policies and control over entertainment. In spite of my efforts, Colonel Miller, in a half joking manner, asked Mr. McGruder to "make a note of that - no control over entertainment."

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12. An interesting development occurred when [] designated a pictorial chart as being one shown to Congressional Committees. This chart showed the amount of money requested for Cold War activities. This was the first evidence that Colonel Miller had seen that Congress had any awareness at all of CIA's cold war activities, and he commented that he was now convinced that at least some Members of Congress had been properly informed.

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13. A final area of interest evidenced by Colonel Miller concerned the distribution and the use to which allotment obligation and expenditure reports are put within the Agency. The question raised is not whether adequate reports are prepared but whether they are given adequate distribution and are actually used by operating and management officials. Colonel Miller requested specific information on this point.

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